

Why can't the City just tighten its belt?

The City has, but:

- The City is faced with rising public safety, worker's compensation, health and retirement costs
- 70% of the General Fund is spent on public safety, and citizens want good levels of protection
- The City has fewer employees per thousand population than five years ago, and staffing was reduced in the 2003-04 budget
- The City has frozen hiring while trying to maintain a good level of service
- The City has reduced its General Fund budget in materials, contracts and services, and other expenses to balance its budget



Why are City revenues limited?

The State's Adopted Budget cuts about \$3,000,000 from the City's General Fund Budget

The State determines the amount the City receives from Sales Tax and Vehicle License Fees

Proposition 13 limits local property tax - the State controls what percentage cities receive

Proposition 218
Requires a majority or two-thirds majority vote of the citizens for all general or special taxes, including "property-related fees"

The State Budget relies on borrowing and shifting expenses —next year they will have the same problems, and again be tempted to take local revenue

The Utility User Tax is scheduled to decrease ¼% per year beginning July 2004 - about a million dollar revenue loss next year

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